

**REPORT OF THE AUDIT OF THE  
BALLARD COUNTY CLERK**

For The Year Ended December 31, 2007

**Donna Bouvier  
Certified Public Accountant**

**Member: American Institute of Certified Public Accountants  
Kentucky Society of Certified Public Accountants**

## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BALLARD COUNTY CLERK**

**For The Year Ended  
December 31, 2007**

I have completed the Ballard County Clerk's audit for the year ended December 31, 2007. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$34,118 from the prior year, resulting in excess fees of \$36,281 as of December 31, 2007. Revenues increased by \$313,830 from the prior year and expenditures increased by \$279,712.

#### **Deposits:**

The Clerk's deposits were insured and collateralized by bank securities.

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The Honorable Vickie Viniard, Ballard County Judge/Executive  
Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

Independent Auditor's Report

I have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Ballard County, Kentucky, for the year ended December 31, 2007. This financial statement is the responsibility of the County Clerk. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statement referred to above presents fairly in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2007, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have issued a report dated July 9, 2008, on my consideration of the Ballard County Clerk's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Honorable Vickie Viniard, Ballard County Judge/Executive  
Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Ballard County, Kentucky and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

Donna Bouvier

Donna Bouvier  
Certified Public Accountant

July 9, 2008

BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES --  
REGULATORY BASIS  
For The Year Ended December 31, 2007

Revenues

State Fees For Services	\$	7,149
Fiscal Court		17,727

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	320,879
Usage Tax		861,624
Tangible Personal Property Tax		701,710
Title Fees, Temporary & Handicap Tags		2,896
Lien Releases		5,012

Licenses-

Fish and Game	36,533	
Marriage	4,154	
Occupational	1,258	
Deed Transfer Tax	22,213	
Delinquent Tax	102,335	2,058,614

Fees Collected for Services:

Recordings-

Deeds, Easements and Contracts	9,132	
Real Estate Mortgages	18,558	
Chattel Mortgages and Financing Statements	29,505	
Powers of Attorney	1,170	
All Other Recordings	13,958	

Charges for Other Services-

Copywork	6,598	78,921
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Other:

Miscellaneous		5,987
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Interest Earned		451
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Total Revenues	\$	2,168,849
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The accompanying notes are an integral part of the financial statement.

BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES-REGULATORY BASIS  
For The Year Ended December 31, 2007  
(Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 234,147

Usage Tax 835,565

Tangible Personal Property Tax 262,198

Licenses-

Fish and Game 36,020

Marriage Licenses 1,594

Delinquent Tax 11,521

Legal Process Tax 8,935

Affordable Housing Trust 11,058 \$ 1,401,038

Payments to Fiscal Court:

Tangible Personal Property Tax 110,592

Delinquent Tax 17,542

Deed Transfer Tax 21,101

Occupational Licenses 737 149,972

Payments to Other Districts:

Tangible Personal Property Tax 300,463

Delinquent Tax 46,711 347,174

Payments to Sheriff

1,264

Payments to County Attorney

15,219

Operating Expenditures:

Personnel Services-

Deputies Salaries 112,404

Supplies and Materials-

Office Supplies 26,166

Other Charges-

Refunds 5,591

Bad debt expense 716 144,877

Total Expenditures

\$ 2,059,544

The accompanying notes are an integral part of the financial statement.

BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES-REGULATORY BASIS  
For The Year Ended December 31, 2007  
(Continued)

Net Revenue	\$ 109,305
Less: Statutory Maximum	<u>69,424</u>
Excess Fees	39,881
Less: Expense Allowance	<u>3,600</u>
Excess Fees Due County for 2007	36,281
Payments to Fiscal Court-March 14, 2008	<u>36,281</u>
Balance Due at Completion of Audit	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statement.



## NOTES TO FINANCIAL STATEMENT

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2007

Note 1: Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2007 services
- Reimbursements for 2007 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods and services provided in 2007

The measurement focus of fee officials is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2007  
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2: Employees Retirement System

The county officials and employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.19 percent for the first six months and 16.17 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement System's annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2007  
(Continued)

Note 3: Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480 (1) (d). According to KRS 41.240 (4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution's failure, the County Clerk's deposits may not be returned. The County Clerk does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (4). As of December 31, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4: Grant

The County Clerk received a \$10,000 local records grant during calendar year 2007. Receipts totaled \$10,000 and expenditures for the year were \$9,500, leaving a balance of \$500 as of December 31, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

**Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards**

I have audited the statement of revenues, expenditures, and excess fees – regulatory basis of the Ballard County Clerk for the year ended December 31, 2007, and have issued my report thereon dated July 9, 2008. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Ballard County Clerk's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An  
Audit of Financial Statements Performed In Accordance  
With Government Auditing Standards  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ballard County Clerk's financial statement for the year ended December 31, 2007, is free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Ballard County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

Donna Bouvier

Donna Bouvier  
Certified Public Accountant

July 9, 2008